this proceeding from this Commission that states that 27.3 would cover reversal of the April 27th order, and that to the extent that happened the parties would be allowed to renegotiate the ISP-bound traffic provisions?

MR. PITTERLE: I believe as I stated that if it was a reversal and applicable law required Verizon to abide by that by a date certain, Verizon is willing to, you know, include that in the contract in some fashion--

MS. PREISS: Is that a yes or a no, please?

MR. PITTERLE: I'm sorry.

MS. PREISS: I think all anybody wants to know here, is if there is such a change in law, the ISP order is reversed on appeal, does this section of the contract, Section 27.3, give Cox the right to renegotiate the terms of the contract applicable to compensation for ISP-bound traffic, in Verizon's view?

MR. PITTERLE: Thank you for the information.

I think it could, yes. My only comment would be that I'm seeing a part of this. I don't know if there's other applicable law language that I'm not seeing that may even do a better job of that. But what our intent would be would be to follow the order of that ruling. And if it's effective as of date certain, that would be applicable law, and Verizon would agree to have that be the effective date of the reversal.

My protest was on retroactive application or any language which Cox does not have in their proposal, but which other parties have that would go beyond applicable law, and Verizon just wants to deal with applicable law.

MS. PREISS: I think the question was limited to the Cox language, which doesn't say anything about retroactive; is that right?

MR. PITTERLE: I agree.

MR. HARRINGTON: I was going to read the definition of applicable law, but I won't. No further questions.

MR. DYGERT: I think it's time for lunch.

MR. HARRINGTON: On this issue of I-5.

MR. DYGERT: Go off the record.

(Whereupon, at 1:10 p.m., the hearing was adjourned until 2:15 p.m., the same day.)

AFTERNOON SESSION

MR. DYGERT: I think if people are ready, we could get started again, which I think takes us back to Cox's cross-examination.

MR. HARRINGTON: We will do this either way that staff wants to do it, but I understand WorldCom has a little cross on issue V, and maybe it would be more efficient for WorldCom to do that cross and then come back to issue VI. It's up to the staff.

MR. DYGERT: Okay. On issue V, why don't we do that.

CROSS-EXAMINATION

MS. KELLEY: Good afternoon. In the interest of time, I'm going to try very hard to keep this short.

The first questions I have for you, this morning, in response to questions both from counsel for AT&T and counsel for Cox, you indicated in general some proposed modifications to your contract language you would be willing to accept, and I'm talking specifically about some

definitions, which I'm going to now find, but the definitions were Internet traffic, which I think you said didn't really have meaning, and then measured Internet traffic.

Do you remember that discussion?

MR. PITTERLE: Yes.

MS. KELLEY: And I just want to confirm that that entire discussion would apply equally to WorldCom.

MR. PITTERLE: Yes, it would apply to all the parties.

MS. KELLEY: The only other questions I have for you, I wonder if you would look at the decision point list on intercarrier compensation. In the next to the last column--and this begins on page one--it's titled "Verizon's Proposed Contract Language," and I just want you to look at the section that is Section 1. It begins on page one, and it carries through, I believe, to page five. It deals with generally traffic measurement and billing and specifically calling party number or CPN. Do you see that?

MR. PITTERLE: Yes.

MS. KELLEY: Are you aware that this issue, traffic measurement and billing, is raised separately and Verizon has proposed language related to the same issue in response to a separate issue?

MR. PITTERLE: No, I'm not aware of that.

MS. KELLEY: So, I assume you wouldn't be able to comment on the fact that in this proposal here, which is label Section 1, and in that proposal which is your Section 6, the percentage of CPN that you require is different?

MR. PITTERLE: I'm not familiar--no, the answer is I'm not familiar with the two sections and how they might relate.

MS. KELLEY: Just for the record, that's issue IV-11.

Could you move to page five, then.

MR. PITTERLE: Of the JDPL?

MS. KELLEY: Of the JDPL, yes.

And that's Section 2 and then 2.1 of your proposal. Do you see that?

MR. PITTERLE: Yes.

MS. KELLEY: And under 2.1 in brackets and upper case letters, it indicates that this is to be revised consistent with Verizon's VGRIP proposal.

So, I take this to mean that what is contained in here is not something that is currently on the table. This is not a current proposal; is that fair?

MR. PITTERLE: Yes, that's fair.

MS. KELLEY: All right. So I believe 2.1 and its subsections, that takes us through page 10. And on page 10, Section 2.2 starts, and it's entitled "Reciprocal Compensation." Do you see that?

MR. PITTERLE: Yes.

MS. KELLEY: And within that section, there is--and I'm not going to walk you through every sentence, but there is a great deal of discussion about the CLEC IP for traffic delivered by Verizon for termination by CLECs. Do you see that general language?

MR. PITTERLE: Yes, generally I see it.

MS. KELLEY: And are you aware that the issue of the CLEC IP and where it's appropriately located and how that is to be dealt with is also handled in a separate section? Or a separate issue number, I guess I should say?

MR. PITTERLE: Separate issue number.

MS. KELLEY: So, this language would be relevant to that issue?

MR. PITTERLE: I would see that language appropriate than the other sections.

MS. KELLEY: All I'm trying to do is understand what language is relevant to the issue that's in front of us.

MR. PITTERLE: Okay.

MS. KELLEY: I guess one way to maybe short-circuit that is to ask you, because I think questions have been asked about everything that's left, but--so, I think we are through--everything is off the table up to page 11.

Could you tell me from page 11 on of the JDPL, if this is the language that Verizon proposes to implement the ISP order? Or does it include

other--other things as well?

MR. OATES: I object to the form of the question to the extent it suggests that the language just discussed previously and identified by Mr. Pitterle is applying to other issues as well, does not apply to this particular issue. It's obviously much of it is interrelated, but...

MS. KELLEY: Well, I guess this is what's important to me to figure out and it's important for the staff as well, what starts on page one with one is essentially identical to language you proposed in response to another issue. Except for the percentage numbers, 95 percent here, they're different.

Now, if we need to ask questions about this language here, but my understanding is that's being dealt with elsewhere, but I don't want there to be any confusion at the end of the day.

MR. EDWARDS: I didn't think there was any, but I think there might be. The first thing you said was with respect to percentage of CPNI and in relationship to the provision you just looked at

and issue IV-11, which is the network architecture issue; correct?

MS. KELLEY: That is.

MR. EDWARDS: Right. And if there is--I think you're talking about the percentages, if they're different in the two pieces of language, we could deal with that next week.

MS. KELLEY: In IV-11?

MR. EDWARDS: Yes, but the language is not off the table, as you said.

MS. KELLEY: But's in a separate issue number. The resolution of this issue--

MR. EDWARDS: With respect to CPNI percentages, sure.

And then your second reference was it related to language that had--talked about IP and POI, and I think you just said IP, and asked Mr. Pitterle does he agree that's being dealt with in a separate issue, and the answer to that is yes, issue I-1, but the language is not off the table, but it is related to however issue I-1 is resolved.

MS. KELLEY: The resolution of that will

happen with I-1.

The second question related to fairly substantial block of proposed--well, it's not proposed language. It says it will be revised, so I understand this is not a current proposal, and I think he indicated that was correct.

MR. OATES: I think what it indicates is it does indicate that it would be revised consistent with Verizon's VGRIP provisions; so, in other words, subject to revision based on however the VGRIP issue comes out.

My only point in raising the objection is this language, while that applies to network architecture issues, may also apply to this issue I-5, for instance, this reference to things like Traffic Factor II, other traffic factors that I don't know the network architecture issues, excuse me, but they certainly apply to the language that we believe that implements the ISP we offered up for issue.

MS. KELLEY: They are not in the 2.1 that you indicate are going to be revised?

MR. OATES: No.

MS. KELLEY: Okay.

Well, let me ask it this way: Is it your understanding that this entire chunk of contract language that you have here in the JDPL beginning at page one and going all the way through, I believe, page 20--it's not your understanding, is it, that all of this language is designed simply to implement the ISP order. Instead, a lot of this language deals with other issues; isn't that fair?

MR. PITTERLE: When you referred to the CPN issue, that could be a separate side issue, and so yes, the answer to your question is yes. But it is interrelated at points as well. But it certainly ties in to other issues that are being determined in separate sections.

MS. KELLEY: I understand. I want to make sure I understand what's on the table for this issue. I think all the necessary questions have been asked, but there's so much in here that it's difficult to tell exactly which language you're contending is designed to implement the ISP order.

But with the answers I have gotten, I don't have any further questions.

MR. DYGERT: All right. I can't remember if it was AT&T was going to resume now, or if it was Cox?

MR. HARRINGTON: We reached an agreement that it will be Cox. We are sharing the same microphone, so we try to cooperate.

CROSS-EXAMINATION

MR. HARRINGTON: We are turning to issue I-6. We are now handing out some exhibits which are going to be marked Cox Exhibits Number 20 and 21.

(Cox Exhibit Nos. 20 and 21 was marked for identification.)

MR. HARRINGTON: We are going to start with some questions that don't relate to the exhibits. We will get them all out at once.

Mr. Pitterle, am I correct in understanding that Verizon's proposed language for this issue requires the parties to the

Interconnection Agreement to differentiate all their traffic based on the actual beginning and ending locations of the communication?

MR. PITTERLE: Yes, that would be Verizon's view, that traffic should be determined by the originating and end points or terminating points of an overall end-to-end communication.

MR. HARRINGTON: Okay. In that context, I would like to look at some examples of certain type of traffic and how they would be handled under this standard.

MR. PITTERLE: Okay.

MR. HARRINGTON: Let's start with calls that originate at--I will use an example with actual towns in it--that originate at a residence in Arlington, continue on to a company's location also in Arlington, Virginia, that are to the company's LAN. So, someone dialing into his company's local network from Arlington to Arlington.

MR. PITTERLE: Just a local call in the traditional sense?

MR. HARRINGTON: For the moment, yes.

Under your standard, would that be treated as a local call or toll call?

MR. PITTERLE: If it's just within the Arlington exchange, I would treat that as a local call.

MR. HARRINGTON: Now, suppose that that LAN also provides users of the LAN with connection to the Internet. How would you treat that call?

MR. PITTERLE: I would treat that call on the basis of where the Internet provider is, but more importantly it's been ruled upon by the FCC that traffic to an ISP provider is interstate in jurisdiction.

MR. HARRINGTON: Does your answer to this question depend on when the caller actually accesses the Internet when he connects to the LAN?

MR. PITTERLE: Let me seek clarification when you say "access to the LAN." I start thinking about a business internal local area network, and so I just need a better clarification when you use the word "LAN."

MR. HARRINGTON: I will use a more direct example. My firm allows me to dial local telephone number to connect to the firm's network, and that network contains, among other things, the word processing software we use and also is the way we get access to the Internet at work, but I could also get access to the Internet at work.

MR. PITTERLE: Okay.

MR. HARRINGTON: That's the example.

Does that change your answer to the earlier question about whether--

MR. OATES: Could I ask for clarification of what the earlier question was?

MR. HARRINGTON: I was about to do that because we were a couple of minutes away from it.

My earlier question was: If the LAN connected to the Internet, what was your view of whether the call was local or toll?

MR. PITTERLE: End-to-end determination of the call, it was toll or interstate.

MR. HARRINGTON: Right.

So, am I correct, then, that based on what

you're saying is whether the call--the end-to-end points are local or toll depends on whether the user in my example actually accesses the Internet or doesn't?

MR. PITTERLE: Yes, it would depend on whether they access the Internet or not. If they access another number within the LAN that is within the Verizon local calling area, I would consider that a local call. If they accessed the Internet via the LAN, I would consider that to be a toll call.

MR. HARRINGTON: Now, suppose that same caller were to connect to internal e-mail that the company has that happens to be hosted at a location, say, in New York City. Would you consider that to be a toll call?

MR. PITTERLE: Again, based on the end-to-end points, I would consider that to be toll call.

MS. PREISS: You would consider that?

MR. PITTERLE: I would consider that to be a toll call, yes.

MR. HARRINGTON: Okay. Now, in all these scenarios, is there a way for the originating carrier to know whether the call is toll or local?

MR. PITTERLE: I'm not sure. The answer is no, and I'm not sure the originating party always cares whether it's toll or local.

MR. HARRINGTON: Is there any way--well, isn't the premise of this issue that you do care?

MR. PITTERLE: I'm saying that the customer--

MR. HARRINGTON: "Originating carrier" is what I said.

MR. PITTERLE: I misunderstood your question.

The originating carrier would not know and does care. Thank you for the clarification.

MR. HARRINGTON: How about the terminating carrier? Is there any way for the terminating local exchange carrier to know?

MR. PITTERLE: I'm not sure if they would know or not because it would seem to me that with the proper information, there is ANI or CPN is

transmitted with the call, then the terminating carrier might know. If it's not, they may not.

MR. HARRINGTON: The CPN that's being sent with the call is for a local telephone number--right?--in the hypothetical we have been using.

MR. PITTERLE: The LAN is located--

MR. HARRINGTON: The LAN is located locally to the calling party.

MR. PITTERLE: And in that scenario the call is going through to the Internet, as we discussed earlier?

MR. HARRINGTON: After it leaves the public switch telephone network, yes.

MR. PITTERLE: After it leaves the public switch telephone.

The carrier would likely not know whether that call was local or not. See it as local.

MR. HARRINGTON: Right. I would like to turn to a different example, which is a leaky PBX. Are you familiar with leaky PBXs?

MR. PITTERLE: That's a word you don't

forget easily.

MR. HARRINGTON: True enough.

Is there a way for an originating carrier to know if a call to a leaky PBX goes on to somewhere else? I'm talking about an individual call now.

MR. PITTERLE: I'm not a switching expert, but my belief would be no, they would not.

MR. HARRINGTON: Is there a way for the terminating carrier of the calm that comes from a leaky PBX to know that it came from a distant point?

MR. PITTERLE: I'm not sure about the terminating carrier and what they are able to determine as far as the originating point of traffic or not, so I'm really not--I don't have the background to answer that accurately.

MR. HARRINGTON: If we assume for the moment that the leaky PBX passes the CPN for the PBX itself and not for just the originating point of the call, can the terminating carrier tell?

MR. PITTERLE: They don't receive some

type of originating calling number identification, then they would not know.

MR. HARRINGTON: Are you familiar with the concept of offpremises extensions that connect to a PBX?

MR. PITTERLE: Somewhat, yes, I am familiar.

MR. HARRINGTON: If you make a call to what turns out to be an offpremises extension, when the PBX is located in the same local calling area as the originating caller, can you tell if that call goes outside the local calling area?

MR. PITTERLE: You could not if it was outside the local calling area, but generally offpremises extensions are within the local calling area or the parties carrying offpremise extension out of the local calling area would buy transport as part of their--part of their ordering or using that service.

MR. HARRINGTON: Has Verizon proposed any mechanism in contract language under which a party could be able to tell if a call is local or not

local, based on the call itself?

MR. PITTERLE: Verizon has language in its contract that states that the originating and terminating points of the call, the end-to-end communication, would determine the jurisdiction. I'm familiar with that language.

MR. HARRINGTON: Is there any language in the proposed contract that would assist parties--that would explain how a party would determine the originating and terminating points of an individual call, or of calls in general?

MR. PITTERLE: Well, the language may stand on its own in defining the end points as being that. That would be the assistance, from my perspective.

MR. HARRINGTON: So, there is no other language in the contract on that point?

MR. PITTERLE: There may be. Nothing is coming to my mind at the moment.

MS. PREISS: Mr. Pitterle, are you aware of any mechanism by which a party, an originating carrier or terminating carrier can determine what

the actual end points of the call are?

MR. PITTERLE: I believe the mechanism would be vaguely aware, to answer your question. There may be a method by which the parties could do a traffic study for a period of time or share information so that they could develop a factor to apply to extract traffic. But there is nothing specific that I'm aware of--

MS. PREISS: But what information would they share? What is the information that a party might have at its disposal that would reveal the actual ends points of the call?

MR. PITTERLE: One possibility is when there is--and I'm thinking of a virtual FX arrangement, to answer your question, to an ISP that is outside the local calling area, the Verizon local calling area. And in that situation what we have experienced are CLECs in general that are associated with an ISP, and that switch of the CLEC that's outside the Verizon local calling area, such that Verizon experiences literally a one-way flow of traffic through the CLEC switch into the ISP of

30- to 40-minute hold times on the average and no traffic coming back, it appears as if there is no actual customers in the Verizon rate center.

In those scenarios, and it's a virtual FX-type scenario that we see more and more all the time, it seems, you can work with--the two parties can work together to identify who the end users are of the CLEC, or Verizon can just call numbers that they're seeing on the billing and check to see whether they are modems.

MS. PREISS: That's what I want to get at. You could call a number and determine that it's an ISP. Verizon contends, I understand, that by certain calling patterns, long holding times, again you might be able to determine that the terminating party or the originating party is calling an ISP, but that doesn't tell you anything about where the ISP is actually located, does it?

MR. PITTERLE: No, not just in the sense of the traffic flow that it's going to a specific ISP number, but we also should be able to identify--at some point there may be ways of

identifying where that ISP is physically located, either through the CLEC themselves or from some other information we have in that exchange. Maybe one of our switchmen knows that the CLEC switch in that area has--they have their own ISP. They're an affiliate of the CLEC, so the ISP modem pool or whatever that they are using to access the Internet is actually in the same CLEC switch location. That's a common experience.

Then we know the physical end point of the--I want to say termination or handoff to the Internet, if you will. So, that is one way that we could define that.

But without that type of information, it's not readily--easily available. There may be other circumstances. That's the one that I'm familiar with.

MR. HARRINGTON: I would like for you to take a look at Cox Exhibit Number 20, please.

MR. PITTERLE: Okay.

MR. HARRINGTON: And the response to the question. Read it, please.

MR. PITTERLE: Read the question?

MR. HARRINGTON: Just the response.

MR. PITTERLE: Verizon Virginia routes intra-LATA calls from its foreign exchange service customer to Cox over local interconnection trunks.

MR. HARRINGTON: Is that correct?

MR. PITTERLE: Yes, it is.

MR. HARRINGTON: Is there any way for Cox to know the originating points of those calls?

MR. PITTERLE: I would not think they would know the originating points of those calls necessarily.

MR. HARRINGTON: To date and in practice, hasn't that traffic been treated as local or toll based on the originating and terminating NXXs?

MR. PITTERLE: Yes.

MR. HARRINGTON: I would you to turn to Exhibit 21, Cox Exhibit 21. Apparently these were numbered differently than the way they were on my copies.

MR. PITTERLE: I noticed that already.

MR. HARRINGTON: Okay. You're now turning

to next Exhibit 20.

MR. DYGERT: You may have some numbered both ways.

MR. PITTERLE: Data request 1-22.

MR. HARRINGTON: The numbering should be, and I apologize if some of them are different, item called--the item that should be Cox Exhibit Number 20 is the discovery request 1-19, and the one that is 21 is Cox discovery request 1-22.

MR. PITTERLE: Apparently, it's originating/terminating point issue.

MR. HARRINGTON: Yes, apparently.

I think we have them straightened out now.

This exhibit indicates or the response to this question indicates Verizon doesn't know how many minutes of FX traffic had been sent to Fox.

To your knowledge, has Verizon ever tried to calculate that amount?

MR. PITTERLE: To my knowledge, I don't believe we have tried to calculate that.

MR. HARRINGTON: To your knowledge, has Verizon ever made an effort to inform Cox of how

much traffic is FX-originated traffic?

MR. PITTERLE: I'm not aware of that.

MR. HARRINGTON: Okay. Now, I would like to move on to ask a few questions about the virtual FX scenario you describe in Verizon Exhibit 5, roughly speaking, around page six. I don't think you will need to refer to your testimony for it because I think you're familiar enough for the questions I'm going to ask.

MR. PITTERLE: When you say page six?

MR. HARRINGTON: Verizon Exhibit 5, which is the direct testimony you filed.

MR. PITTERLE: Thank you.

MR. HARRINGTON: Just a quick clarifying question. Based on what I understand of your scenario, which assumes a CLEC only has one switch in the LATA, does--is your scenario affected if the CLEC has two or three or four switches in a LATA?

MR. OATES: Could I ask for a clarification of what the scenario is you're referring to?

MR. HARRINGTON: The scenario developed, I

guess, fairly elaborately over the entire testimony, your Staunton/Roanoke example.

MR. OATES: Thank you.

MR. HARRINGTON: Are any of your conclusions affected if this CLEC has two, three, or four switches in the LATA?

MR. PITTERLE: No. The more important factor is with the originating and terminating points of the call versus the NXXs that are assigned in the routing guide.

MR. HARRINGTON: All right. Let's assume for the moment that a CLEC does have one switch in the LATA.

In practice, does all traffic from Verizon to the CLEC go to that one switch?

MR. PITTERLE: If there is direct local interconnection trunks between the parties, all traffic between the parties would go on those trunks, that is considered--say all intra-LATA toll traffic would go in those trunks, possibly intra-LATA traffic, and what would be 251(B)(5) and ISP traffic.

MR. HARRINGTON: Have you left any categories out? Is there any traffic that doesn't go to this--is there traffic that doesn't go between Verizon and the switch, CLEC switch?

MR. PITTERLE: If the Verizon customer was making a long-distance call to--through AT&T and AT&T was a preferred interexchange carrier, there might be a separate trunk group to route that traffic.

MR. HARRINGTON: So, all the calls that go to the CLEC as a CLEC go--

MR. PITTERLE: I wanted to be clear.

MR. HARRINGTON: That's fine.

Let's assume that a CLEC has a customer that wants to receive local calls from more than one location in the LATA, let's say a plumber or Pizza Hut.

If that--from a network architecture perspective, is it more efficient to collect all that traffic at the CLEC switch and then send it to the customer over a single path, or--and I know this is going to be a long example, so I will

repeat if you need me to--or to collect the traffic, send it to each of the multiple locations, bring it back to the switch and then send it to the customer?

MR. PITTERLE: Before I answer that, when you say "send it to each of the multiple locations"...

MR. HARRINGTON: I'm referring to a customer who has multiple locations in the LATA such as plumber or a Pizza Hut. They're everywhere, it seems.

MR. PITTERLE: From an efficiency standpoint, that traffic may route over that local interconnection trunk group to the single, my example or my vision of this, the single CLEC switch if all these customers are the CLEC's customers.

MR. HARRINGTON: What you're saying is the more efficient path is--from the architecture perspective is for the CLEC to collect the traffic from the switch at Verizon and send it to the place where the customer ultimately wants it to go?

MR. PITTERLE: I would like to reword it, but I think I'm in general agreement. I wouldn't just call it the most efficient and therefore that's the way it should be. I would say that that is where the switch, and the way the local exchange routing guide, which is the industry routing guide, the way it's programmed, the way it's populated with data, which the CLEC in this case would do, to indicate where each of these customer locations are and how to get the traffic there, the switches are programmed off of that, and then they route the traffic accordingly.

So, it may be efficient, but it's because the network is geared to do things that way.

MR. HARRINGTON: Of the two scenarios I described, the one where the calls go directly to the customer and the one where the calls are hauled back and forth across the LATA and then sent to the customer, which uses fewer facilities?

MR. PITTERLE: Likely it would be the scenario where there is a direct trunk group.

MR. HARRINGTON: Which of those two

scenarios is likely to cost the least to implement?

MR. PITTERLE: I believe the local interconnection trunk group would be a lower cost alternative for both parties, as long as both parties agree on what the transport portions would be that each party would cover.

MR. HARRINGTON: I would like you to answer this question as a matter of network engineering and not as a matter of the compensation being paid between the carriers. I think we understand your position on what the compensation should be.

MR. PITTERLE: I'm glad to hear that.

MR. HARRINGTON: So, as a matter of network engineering, is there any sound engineering reason why in the scenario described in your testimony it would make sense for a CLEC to receive calls at its switch in I guess it's Staunton in your example, send the calls back to Roanoke, haul them back to Staunton again and then terminate to the customer?

MR. PITTERLE: I'm not sure I understand

that exact scenario you just rolled through. Could you repeat that, please?

MR. HARRINGTON: Assuming that you want to ultimately deliver the calls in Staunton in your example, is there any engineer--network engineering reason, using sound engineering practices, under which you would want the calls to go from--be delivered from Verizon at Roanoke to the CLEC in Staunton than have the CLEC send them back to Roanoke, bring them back again to Staunton and then deliver them to the customer?

MR. OATES: I'm going to object to the question only to the extent that he's referring to this as "our example." I don't believe the question tracks the example that's in Mr. Pitterle's testimony.

MR. HARRINGTON: I will stipulate there is a difference between their example and ours, but I believe it's a fair statement that the hauling the traffic from Staunton to Roanoke and back to Staunton again by the CLEC is a consequence their suggesting should occur.

MR. PITTERLE: I wasn't the witness on the network architecture aspects. I'm more concerned with the compensation issues here. So, whatever is the most efficient way to route this traffic I would support as being how it should be routed from a nonengineer standpoint. That just makes sense.

But the issue is once you established an efficient network, then what is the proper form of compensation that should apply between the carriers on that efficient network so that one party isn't subsidizing another one in the process?

MR. HARRINGTON: In your hypothetical, in your testimony, if Verizon delivered the call from Roanoke to Staunton to a Roanoke NXX assigned to the CLEC--

MR. PITTERLE: That was--

(Simultaneous conversation.)

MR. HARRINGTON: If in your hypothetical example Verizon delivered a call from its switch in Roanoke to the CLEC switch in Staunton to an NXX code that's assigned to Roanoke, and the CLEC hauled the call back to Roanoke, you would not

consider that to be virtual FX; is that correct?

MR. PITTERLE: That would be correct, if I understand your example properly, in that the call originated and terminated in the same local calling area of Verizon and ran through the Staunton switch.

MR. HARRINGTON: I have no further questions on this issue.

CROSS-EXAMINATION

MS. SCHMIDT: Good afternoon. I have just a few questions about Verizon's FX service.

Now, with Verizon's FX service, does Verizon assign the FX customer a number with an NPA/NXX that is different than the--

(Fire alarm sounds off and off the record.)

MR. HARRINGTON: I would like to move the admission of Cox exhibits, if we will get the numbers right, 20 and 21.

MR. OATES: We have no objection.

MR. DYGERT: Those are admitted.

(Cox Exhibit Nos. 20 and 21

were admitted into evidence.)

MR. OATES: Perhaps I could move for the admission of Verizon Exhibit 54, which is the diagram we used in cross-examination of the CLEC panels.

MR. HARRINGTON: This is Exhibit 54?

MR. OATES: Yes.

MR. DYGERT: Any objection to Verizon 54?

MR. HARRINGTON: No.

MS. SCHMIDT: No.

MS. KELLEY: No.

MR. DYGERT: Thank you. It's also admitted.

(Verizon Exhibit No. 54 was admitted into evidence.)

MS. SCHMIDT: All right. Let's start over.

With Verizon's FX service, does Verizon assign the FX customer a number with an NPA/NXX that is different than the NPA/NXXs associated with the area where the Verizon customer is physically

located?

MR. PITTERLE: I believe with Verizon's FX service they assign a number from the same exchange that they're securing the FX service from.

MS. SCHMIDT: So, the FX customer could be physically located in a different area; correct?

MR. PITTERLE: That's correct.

MS. SCHMIDT: I'm going to give you a hypothetic here. The Verizon FX customer is in a location in area B and is assigned an NPA/NXX associated with area A. Assume that area A and B are in different cities, and if a Verizon customer in area A made a call to customer in area B, the call would be a toll call.

MR. PITTERLE: Okay.

MS. SCHMIDT: When the Verizon customer in area A calls the NPA/NXX in area A that is associated with the Verizon FX customer, does the Verizon customer who made the call pay a toll charge for the call?

MR. PITTERLE: No, I would say they would pay a local charge that would be covered under the

local flat rates.

MS. SCHMIDT: Okay. So, is the rating of that call based on the NPA/NXX of the dialed number, or is it based on the location of the FX customer?

MR. PITTERLE: It's based on the NPA/NXX of the dialed location, but I would like to add to that. The FX customer has purchased the dedicated loop all the way to the Verizon originating customer's location, and paid for the transport of that call and the switching costs or the flat rate for that originating location as part of their FX service.

MS. SCHMIDT: Yes, I understand that. Thank you.

I have no further questions.

MR. DYGERT: WorldCom?

MS. KELLEY: Nothing from WorldCom.

MR. DYGERT: Do you have questions for this witness for issue IV-35?

MS. KELLEY: We don't have any anything on IV-35.

MR. HARRINGTON: Not a Cox issue.

MR. MONROE: It's WorldCom.

MR. DYGERT: Could we have the intercarrier compensation witnesses for the CLECs up here also, then.

CROSS-EXAMINATION

(Pause.)

MR. MOON: If it's all right with everyone else, we could start with I-5 and a question to Verizon.

With regard to the offer that Verizon under separate cover has made for--in the term--in the sense of the mirroring rule, Verizon apparently has certain reasons for disagreeing, of course, with some of the provisions that the petitioners have added to the so-called implementation of the ISP intercarrier compensation rule. Putting aside the past-due payments issues for Verizon to go with the 251(b)(5) rate--to go with the 251(B)(5) rate, in other words, implementation of the order's mirroring the rule--forgive me if I'm not articulating it clearly, but the question is